

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

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In re:

SHAPES/ARCH HOLDINGS L.L.C., et al.,

Debtors.

Case No. 08-14631(GMB)
(Jointly Administered)

Judge: Gloria M. Burns

Chapter: 11

Recommended Local Form:

☒ Followed

☐ Modified

**APPLICATION FOR RETENTION OF NATCITY INVESTMENTS, INC. AS
SALES CONSULTANT/INVESTMENT BANKER FOR THE DEBTORS
PURSUANT TO SECTIONS 327 AND 328(a), EFFECTIVE AS OF MAY 7, 2008**

1. The applicants, Shapes/Arch Holdings L.L.C. ("Shapes/Arch"), Shapes L.L.C. ("Shapes"), Delair L.L.C. ("Delair"), Accu-Weld L.L.C. ("Accu-Weld") and Ultra L.L.C. ("Ultra", and with Shapes/Arch, Shapes, Delair and Accu-Weld, collectively, the "Debtors"), by and through Steven Grabell, CEO of Shapes/Arch and Shapes, are the

☐ Trustee:

☐ Chap. 7

☐ Chap. 11

☐ Chap. 13

☒ Debtors:

☒ Chap. 11

☐ Chap. 13

☐ Official Committee of _____

2. The Applicants seek to retain the following professional, NatCity Investments, Inc. ("NatCity"), under Sections 327 and 328(a) of the Bankruptcy Code, effective as of May 7, 2008, to serve as:

- ☐ Attorney for: ☐ Trustee ☐ Debtors-in-Possession
☐ Official Committee of _____
- ☐ Accountant for: ☐ Trustee ☐ Debtor-in-Possession
☐ Official Committee of _____

☒ Other Professional:

- ☐ Realtor ☐ Appraiser ☐ Special Counsel
☐ Auctioneer ☒ Other (specify): sales consultant/investment

banker to the Debtors

3. The employment of the professional is necessary because: On March 16, 2008, the Debtors filed their petitions for relief under Chapter 11, of the Bankruptcy Code. Moreover, pursuant to the competitive plan process agreed to by the Debtors, the Committee and other parties-in-interest, and approved by the Court as part of the Final Order Authorizing Debtors to Obtain Post-Petition Financing and Grant Security Interest and Superpriority Administrative Expense Status, entered on May 6, 2008, the Debtors agreed to retain a sales consultant/investment banker to develop, manage and oversee the competitive plan process in order to maximize recovery for the estates. The Debtors believe that the retention of NatCity, as their sales consultant/investment banker, is necessary to enable the Debtors to execute faithfully their duties and responsibilities in these cases.

4. The professional has been selected because: of NatCity's extensive experience and expertise in advising troubled companies in connection with the sale of their businesses and related issues and its experience and expertise in representing companies in Chapter 11 proceedings, workouts and restructurings.

5. The professional services to be rendered to the Debtors are as follows:

- (a) Develop a list of suitable potential buyers who will be contacted on a discreet and confidential basis after approval by the company immediately upon the commencement of this engagement;

- (b) Supervise the execution of confidentiality agreements for potential buyers;
- (c) Supervise and control due diligence requests and deliverables for all potential buyers;
- (d) Solicit competitive offers from potential buyers;
- (e) Advice and assist and advise the company in structuring the transaction and negotiating the transaction agreements; and
- (f) Otherwise assist the company, its attorneys and accountants, as necessary, through closing on a best efforts basis.

The proposed arrangement for compensation is as follows: Subject to Court approval, NatCity will be paid a flat fee of \$250,000, plus 5% of the amount by which an Alternative Transaction exceeds the sum of the offer by Arch Acquisition plus the break up fee and expense reimbursement,¹ as more fully described in the Engagement Agreement attached to the Certification of J. Scott Victor.

6. To the best of the applicants' knowledge, the professional's connection with the debtors, creditors, any other party in interest, their respective attorneys and accountants, the United States Trustee, or any person employed in the office of the United States Trustee, is as follows:

☐ None

☒ Describe connection: Please see the Certification of J. Scott Victor submitted in support of this Application.

7. To the best of the applicant's knowledge, the professional (check all that apply):

☒ does not hold an adverse interest to the estate.

☒ does not represent an adverse interest to the estate.

☒ is a disinterested person under 11 U.S.C. § 101(14).

¹ For example, if the winning bid is \$7 million to unsecured creditors from a competing bidder, NatCity would be entitled to a total fee of \$275,000 (\$250,000 flat fee, plus 5% of \$500,000 (the surplus over the initial bid, break-up fee and expense reimbursement)).

☒ does not represent or hold any interest adverse to the debtors or the estates with respect to the matter for which he/she will be retained under 11 U.S.C. § 327(e).

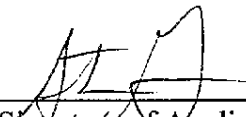
☒ Other; explain: From time to time, NatCity may represent, or may have represented the Debtors' account debtors, creditors or interest holders of the Debtors in matters unrelated either to the Debtors' cases or to those entities' transactions or dealings with the Debtors. In addition, NatCity is working on other current matters, unrelated to this case, with Debtor's Counsel, Cozen O'Conner, and with Committee Counsel, Cole, Schotz, Meisel, Forman and Leonard. NatCity has conducted a thorough conflict check and has determined that no conflict exists, as more fully described in the Certification of J. Scott Victor, submitted in support of this Application. In the event a potential conflict is discovered, this Application will be updated.

8. National City Bank ("NCB"), the parent of NatCity, holds a subordinated unsecured claim against the Debtors pursuant to a subordinated note dated December 30, 2003 in the face amount of \$1,683,000. NCB was a member of the lender group for the Debtors prior to the current lender group and retained a subordinated claim as part of the refinancing. NCB has agreed to waive its subordinated note upon approval of NatCity's retention herein.

9. If the professional is an auctioneer, appraiser or realtor, the location and description of the property is as follows: N/A

WHEREFORE, the applicants respectfully request authorization to employ the professional to render services in accordance with this application, with compensation to be paid as an administrative expense in the amounts set forth in this application effective as of May 7, 2008.

Date: May 13, 2008



Signature of Applicant

Steven Grabell

Name of Applicant